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CHINA-PAKISTAN ECONOMIC CORRIDOR: THE FLAGSHIP OF THE BELT ROAD INITIATIVE

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It is a well-established fact that China's economic growth is dependent on an open global economic system. As China got itself integrated into the international economic regimes – ever since the initiation of economic reforms under Deng Xiaoping – and with its accession to the World Trade Organisation at the start of the new millennium; China has exposed itself to the global economic uncertainties as well. The growing protectionism in the West became a matter of concern for China since its economy was already slowing down on account of a fall in demand from the West since the 2008 financial crisis. The consequential call for economic protectionism in the West in recent times made President Xi Jinping address the importance of a continued and enhanced economic globalisation at the World Economic Summit held at Davos in January 2017. In this respect, the recent outcome of the French presidential election and the defeat of the candidate belonging to the extreme right – representing the ultra-nationalist – would be of a relief to China, as it seeks to make heavy inroads into the European markets with high end technology goods; connected through its Belt and Road Initiative (BRI).

BRI is firstly a major initiative to the realising of the narrative of the 'China Dream' which would attempt to make China a relatively prosperous country by 2021 and a developed country by 2049. Secondly, it must be realised that apart from the geopolitics, strategic and geo-economics, the pure economic rationale for the BRI is a consequence of the overcapacity being experienced in China – an excess social overhead capital (SOC) in China – along with the issue of rising financial debt being incurred within China. The BRI has mainly three layers: first it is the development of infrastructure; the second layer is finance and trade; and third is the geopolitical layer, covering about sixty five countries in Central Asia, South and South-East Asia, East Africa, and Eastern and Western Europe.

The BRI is more than just a connecting trade route network since it attempts to develop economic corridors along the trade routes; a very ambitious initiative indeed. In order for China to realise this unilateral initiative it would need to have countries covered under the routes to come on board. However, many of the concerned nations remain apprehensive on joining this grand Chinese initiative as they are apprehensive about China's intentions. For instance, Russia may not be vocal on China's intent but is concerned over China's increasing influence in Central Asia through the BRI. Thus, it is important for China to ensure the success of the China-Pakistan Economic Corridor (CPEC) which in turn would ensure the realisation of the BRI, with the rest of the nations coming on-board.

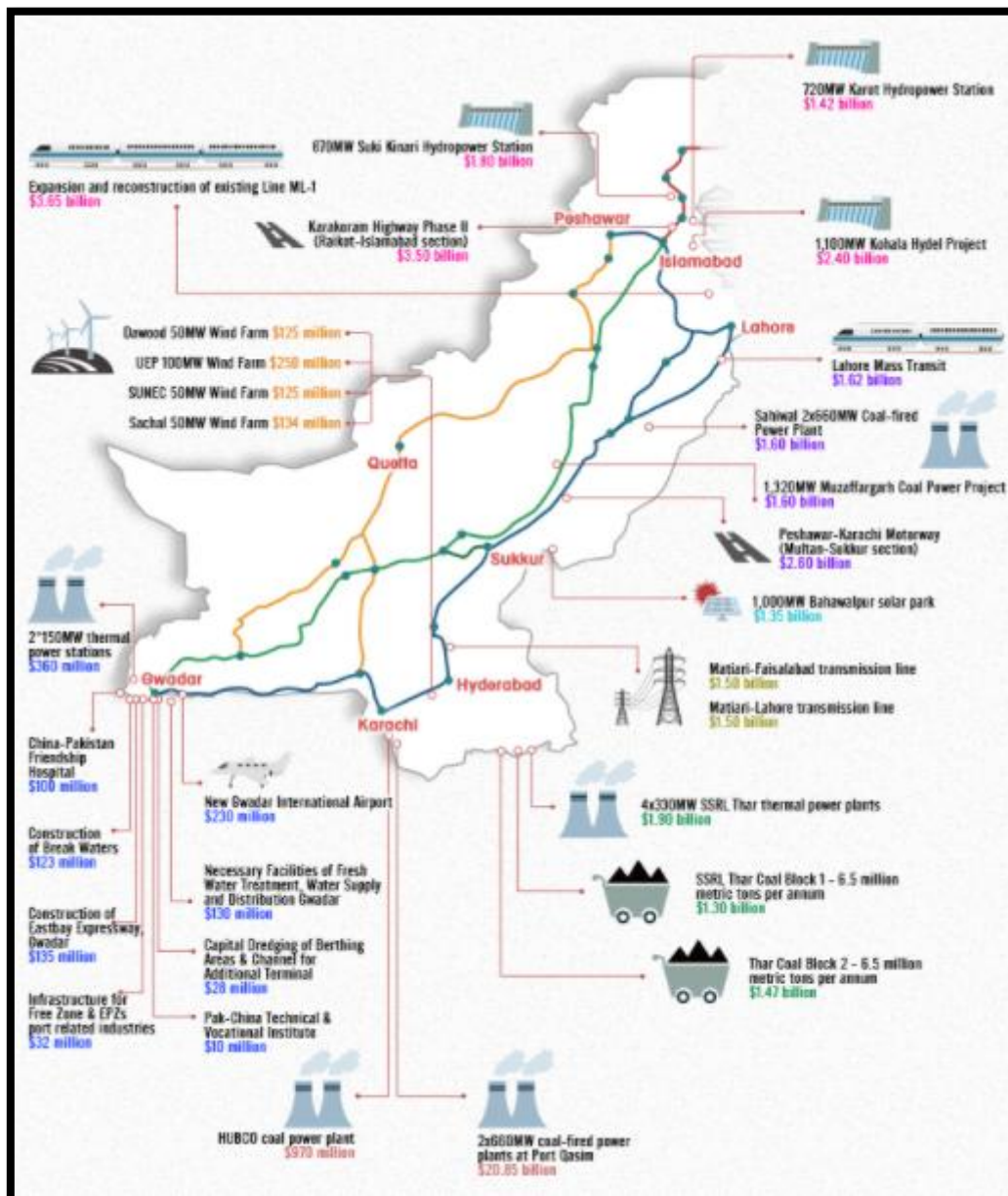


Figure One: Major Projects along the China-Pakistan Economic Corridor¹

The map in Figure One (taken from Chongyang Institute of Renmin University and the CPEC website) provides an illustration into the major infrastructure projects currently underway in the CPEC economic corridor. The projects under the CPEC comprise of several roads, rail, and energy projects with an expected cost of an estimated \$ 54 billion. The positive externalities of this corridor would be an alternative trade route between Pakistan and China other than the current route through the South China Sea; thus, reducing the cost and transit time; the second outcome could be the creation of over 30,000 jobs by 2030, energy security for both the nations through pipelines and energy projects – by establishing new thermal and hydro power plants – and finally not forgetting the massive connectivity and communication infrastructure in the form of roads, railways, and optical fibre.²

It is interesting to note from the map that all the projects under the CPEC are being established on the eastern and southern side of the routes. This is because on the western side of Pakistan there continues to be major instability, especially pertaining to its immediate neighbour, Afghanistan. More recently, as reported on May 7, 2017, Pakistan claimed to have killed fifty Afghan border troops. The fighting in Afghanistan's southern Kandahar province, and the conflicting accounts of what happened, highlights the rising as well as the persisting tension between the two nations.³ This security concern, along with the already existing problem of Pakistan's insurgency, could hamper the working of the CPEC. The Pakistan- Afghanistan confrontation could be traced way back to the question on the legitimacy of the Durand Line borders which the Afghan government termed as legally non-binding. Afghanistan, through the Durand Line, lost half of the traditional Pashtun territories which divided its largest tribal group. Moreover, the loss of Baluchistan left it landlocked, without any access to the Arabian Sea and the Indian Ocean except through Pakistani territory. For Pakistan, the issue of the Durand Line is an existential one since the territory in question amounts to some sixty percent of the present sovereign territory. As there seems to be no immediate solution to the Afghan-Pakistan dispute over the Durand Line, this boundary issue will continue to complicate the relationship between Afghanistan and Pakistan.⁴

Security and stability in the region that needs to be assured is essential for the realisation of the economic corridor and the BRI as a whole; this would be a complex challenge for China. The current and evolving security issue that engulfs Pakistan is far beyond a political, socio-economic or a case of ethnic subjugation. The issue is pertaining to the kind of tactic used by Pakistan in order to deal with its security challenge. On the one hand the State continues to fight against non-state actors deemed as terrorists while at the same time it keeps engaging with various non-state actors to push its interests.

This kind of tactic used by Pakistan in order to safeguard its interests is where China might find itself getting entangled into; attempting to balance its economic agenda while at the same time having Pakistan address the security challenge in order to ensure the survivability and operation of CPEC. If all the intended plans under the CPEC are realised it would provide some kind of confidence amongst the other nations who are still on the edge as to whether to be a part of this initiative or not. Thus, without a doubt, CPEC is the flagship project under the BRI; the success of which would in turn determine the overall success of China's grand strategy. However, the partnership that China has undertaken towards achieving its goal puts the entire Belt Road Initiative in troubled waters, while at the same time, given the security challenge, may provide China the opportunity to deploy its military into the region, and this will be a matter of concern.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

Notes

¹ "Map of China Pakistan Economic Corridor (CPEC) Projects", *Global Village Space*, January 6, 2017, <https://www.globalvillagespace.com/map-cpec-projects/>, accessed on May 9, 2017.

² "Map of China Pakistan Economic Corridor (CPEC) Projects", *Global Village Space*, January 6, 2017, <https://www.globalvillagespace.com/map-cpec-projects/>, accessed on May 9, 2017.

³ Pamela Constable, "Pakistan Claims it Killed 50 Afghan Border Troops", *The Washington Post*, May 7, 2017, https://www.washingtonpost.com/world/asia_pacific/pakistan-claims-it-killed-50-afghan-border-forces/2017/05/07/b132a30a-3320-11e7-b412-62beef8121f7_story.html, accessed on May 9, 2017.

⁴ Joseph V. Micallef, "Afghanistan and Pakistan: The Poisoned Legacy of the Durand Line", *The Huffington Post*, http://www.huffingtonpost.com/joseph-v-micallef/afghanistan-and-pakistan_b_8590918.html, accessed on May 9, 2017.